



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/25/2007

GAIN Report Number: IN7007

India

Agricultural Situation

Weekly Highlights & Hot Bites, #4

2007

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Report Highlights:

Lamy Pitches for India's role in revival of WTO talks, *Wheat production projected at 74 million tons*, *Stem rust threatens wheat crop in India and Pakistan*, *Government bans futures trading in some pulses*, *Ban future trading in all essential commodities, says Congress Party*, *AWB ups focus on rural retail*, *Government slashes duties on edible oils*, *Government considers ban on the export of skimmed milk powder*, *Tatas to help upgrade Bengal in leather training*, *Government proposes to set up six leather clusters*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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LAMY PITCHES FOR INDIA'S ROLE IN REVIVAL OF WTO TALKS

The WTO-Director General, Mr. Pascal Lamy sought India's cooperation in reviving the multilateral trade talks of the Doha Round. After his meeting with Prime Minister Manmohan Singh and Commerce and Industry Minister Nath, Mr. Lamy told media persons, "My understanding is that the U.S. and the EU have started testing new positions. Something is cooking but it is not at the point of being served. It also needs Indian spices. Other chefs like Japan and Australia have to contribute to it." He said he was conscious of India's position on agriculture but added that opening of the farm sector for imports would not make the lives of Indian farmers any tougher. He also called on Agriculture Minister Pawar and said that India need not be overly concerned about agriculture subsidies and the livelihood security of farmers. At his meeting at the Federation of Indian Chambers of Commerce and Industry (FICCI), he said India remains a net exporter of food and has interest in sugar, cotton, rice, wheat and wheat products and there is every possibility to tap new markets abroad. (Source: Business Line, 01/20/07)

WHEAT PRODUCTION PROJECTED AT 74 MILLION TONS

India is likely to produce at least 74 million tons of wheat in 2007 with weather conditions remaining favorable and farmers increasing planted acreage. "Production may cross 74 million tons if temperatures do not rise in February and March," said Agricultural Commissioner, Narendra Bahadur Singh. "An additional one million hectares have been brought under wheat sowing this year," he added. (Source: Financial Express, 01/20/07)

STEM RUST THREATENS WHEAT CROP IN INDIA AND PAKISTAN

Wind models indicate that a new form of stem rust, a virulent wheat disease, now infecting wheat in Yemen could propagate itself to the east and threaten crops in India and Pakistan. The Global Rust Initiative (GRI) and the Agricultural Research Service of the USDA have confirmed conclusively the existence of the disease in Yemen. There is also evidence that the disease has spread to Sudan but more tests are needed to confirm the finding. The wind models plotted by geographic information system specialists have predicted that if the fungus crossed from eastern Africa to the Arabian Peninsula, it could easily spread to the vast wheat growing areas of North Africa, West Asia, Pakistan, and India. If the rust threat is not controlled, it would have a major impact on food security, especially since global wheat stocks are at a historic low level (Source: Business Line, 01/19/07)

GOVERNMENT BANS FUTURES TRADING IN SOME PULSES

On January 23, 2007, the Indian government banned futures trading in *tur* (pigeon pea) and *urad* (mung beans) until further notice. Commodity exchange sources said they have received the notice asking them to stop trading in forward contracts of *urad* and *tur* with immediate effect. The government has been under pressure from the Left parties to ban

forward trading, as they believe forward trading was solely responsible for the rise in prices of essential commodities. Market players, however, say that the spurt in prices is due to lower production and tight supply, besides rising consumption. (Source: Business Line, 01/24/07)

BAN FUTURE TRADING IN ALL ESSENTIAL COMMODITIES, SAYS CONGRESS PARTY

A day after the Forward Markets Commission suspended trading in two major pulses (*tur* and *urad*), the Congress party General Secretary, Mr. Digvijay Singh, demanded a ban on futures trading in wheat and other essential commodities to keep prices under control. "The suspension in [futures] trading of *urad* and *tur* is a good thing. It is my personal view that this ban should be there for all essential commodities," said Mr. Singh. He said the ban should be coupled with restrictions on stocks to keep inflation under control. He also urged the government to have a "re-look" at the process of wheat procurement, as there has been a drought in Australia, leading to forecasts of shortage of wheat in the world market. He said the Food Corporation of India and other government wheat procuring agencies should procure wheat from the *mandis* (upcountry grain markets) at market prices [instead of the government support price]. (Source: Business Standard, 01/25/07)

AWB UPS FOCUS ON RURAL RETAIL

AWB Ltd. has entered India's sugar, spice, cashew, and edible oils sectors through its local subsidiary AWB India, which has signed seven joint ventures for rural buying and marketing infrastructure. Talks are also on with Indian retail chains for supplying the company's products. In a press interview, AWB Managing Director Gordon Davis said his company has begun investing heavily in rural infrastructure to supply grocery and food products to Indian retail chains. AWB has begun trading in Indian sugar with its first export contract last week. The company, however, has no plans to enter sugar milling now. Explaining AWB India's foray into cashew, Mr. Davis said it was a natural fit for the company. "Our Indian company is sourcing cashew [raw] from Africa and bringing it to India. The processed cashew is sold in the domestic market and partly exported," he said. In oilseed crushing, AWB India has become the country's third largest crusher of sunflower seed, with a 30,000 ton crushing capacity through four plants in south India. It is among India's five top soybean crushers with a capacity of 300,000 tons in Madhya Pradesh. (Source: Economic Times, 01/24/07)

GOVERNMENT SLASHES DUTIES ON EDIBLE OILS

The Finance Ministry has reduced the basic custom duty for crude palm oil (CPO) and refined, bleached, de-odorized (RBD) palmolein by 10 and 12.5 percent, respectively. It has also been decided to freeze the palm oils tariff values (the base prices at which the custom duties are calculated) at the July 30, 2006 levels. The decision was taken by the Finance Ministry without the consent of the Agricultural Ministry, mainly to curb the growing inflation rate. The basic duties on CPO, crude palmolein and other fractions of CPO have been fixed at 60 percent compared to the previous level of 70 percent. Duty on RBD palm oil, RBD palmolein and other refined palm oils was reduced from 80 to 67.5 percent. The duty reductions are from 75 to 65 percent and 85 to 75 percent for crude sunflower oil and refined sunflower oils respectively. (Source: The Business Line, 01/25/07)

GOVERNMENT CONSIDERS BAN ON THE EXPORT OF SKIMMED MILK POWDER

The government is reportedly considering a ban on the export of skimmed milk powder. The agricultural ministry has asked all the state cooperative dairy federations to provide

details on their existing export commitments, stock levels and likely production of skimmed milk powder and whole milk powder this year. (Source: The Business Line, 01/22/07)

TATAS TO HELP UPGRADE BENGAL IN LEATHER TRAINING

The Chief Minister of West Bengal views Tata Group's support for updating teaching processes of the state's leather training institute as a major step towards creating highly skilled manpower for the fast growing leather industry. The Calcutta Leather complex at Bantala, claimed to be the largest leather complex in Asia, is near completion. The complex will have the capacity to accommodate about 600 leather-processing units. The West Bengal government is also planning to build a leather-tanning complex at Panjipara for tanning raw hides. The complex based on a public-private partnership model, is expected to attract an investment of around USD 6.8 million. This development would help to meet the requirements of tanned hides in the state. The state is the largest leather products producer with 55 percent share in total domestic production, and 25 percent share in the country's total leather products exports. (Source: The Business Line, 01/20/07)

GOVERNMENT PROPOSES TO SET UP SIX LEATHER CLUSTERS

The government is planning to set up six integrated leather clusters, on the similar lines of textile parks. The six centers identified for leather clusters include Agra, Chennai, Kanpur and Kolkata. The parks will be built on the lines of the public private partnership model, where the government will provide the assistance and support for design and marketing. The plan is expected to help in achieving the export target of \$7 billion by 2010-11. (Source: The Business Line, 01/19/07)

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